

Model Language

- (a) When more than 50 per cent of the capital interests or profits interest in an entity for which deductions would be allowed under section 162 of the Internal Revenue Code, 26 U.S.C. 162 and that would otherwise be treated as a partnership or disregarded entity for purposes of the corporate tax law is owned directly by a disqualified insurance company as defined in subpart (b), the partnership or disregarded entity shall be taxed as if the partnership or disregarded entity were a corporation subject to tax under chapter *[insert state statute]* to the extent of the distributive share of the disqualified insurance company. To the extent applicable, income that is taxable to the partnership or disregarded entity pursuant to this section, and any related tax attributes and activities, shall be included and taken into account in a combined report filed under *[insert state statute]*.
- (b) For purposes of this section only, a disqualified insurance company is defined to mean
 - i. An entity that does not qualify for treatment as a life insurance company as defined in section 816 of the Internal Revenue Code of 1986 or as an insurance company as defined in section 831(c) of the Internal Revenue Code, or
 - ii. An entity that would not qualify for treatment as a life insurance company as defined in section 816 of the Internal Revenue Code of 1986 or as an insurance company as defined in section 831(c) of the Internal Revenue Code if that entity was deemed to directly own assets that it actually owns indirectly through its 50% or more investment in a partnership or disregarded entity, or
 - iii. An entity where the investment in the partnership or disregarded entity is not an admitted asset on the insurance company's books as defined by the National Association of Insurance Commissioners ("NAIC").